GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:984
ANSWERED ON:24.11.2000
FISCAL DISCIPLINE
SAHIB SINGH VERMA

Will the Minister of FINANCE be pleased to state:

(a) The components/indicators of fiscal discipline and how much are these followed in the country;

(b) The values of these at present and projection for next five years;

(c) Whether there is a short-term/long-term policy for these components/indicators; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(b),(c)&(d): The main indicator of Central Governmentsfiscal performance is the gross fiscal deficit (GFD). Itis the difference between the revenue receipts plus certain non-debt capital receipts and the total expenditure including loans, net of repayments. GFD indicates the total borrowing requirements. GFD as a percentage of grossdomestic product is budgeted at 5.1 per cent for 2000-2001. During the first six months (April-September) of 2000-2001fiscal deficit was Rs.42592 crore which was lower by 18.7 per cent compared with fiscal deficit of Rs. 52,395 crore during April-September,1999. The Government recognises theneed for effective management of public finances and policies are formulated keeping in view the economic situation and need for appropriate balance between revenue and expenditure consistent with policy objectives. On the taxation front the basic approach has been to move towards a tax structure which is simple, follows sound economic principles, relies on moderate tax rates and places emphasis on wider base and better enforcement.